

CORRECTED FISCAL NOTE
SB 810 – HB 1734

May 16, 2007

SUMMARY OF BILL: Requires LEAs to pay at least 50% of health insurance premiums for eligible employees beginning July 1, 2007. If during the 2006-07 fiscal year, the LEA met the minimum requirement of 50%, increased state BEP funding for FY07-08 shall be used to increase professional employee compensation and shall not be used to supplant local funding used for professional employee compensation or fringe benefits.

ESTIMATED FISCAL IMPACT:

On March 19, 2007, we issued a fiscal note indicating an *increase in state expenditures exceeding \$23,500,000 and an increase in local government expenditures exceeding \$15,800,000*. Based on new information from the Department of Education, the estimated fiscal impact of this bill is:

(CORRECTED)

Increase State Expenditures – \$23,505,000

Increase Local Govt. Expenditures* – \$3,917,000

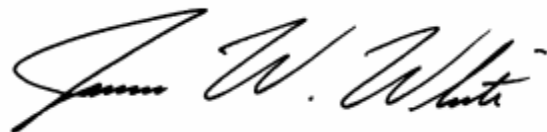
Assumptions:

- Public Acts 2006, Chapter 963, Section 11, Item 2 authorizes appropriations to local education agencies for 45% of the statewide cost of providing health insurance to eligible employees for FY06-07.
- The General Assembly continues to appropriate 45% absent this legislation.
- According to the Department of Education, and based from the BEP funding formula and Article II, Section 24 of the Tennessee Constitution, state and local government recurring expenditures would increase by amounts estimated to \$23,505,000 and \$3,917,000 respectively if 50% of eligible employees' insurance premiums were to be funded as a result of this legislation.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director